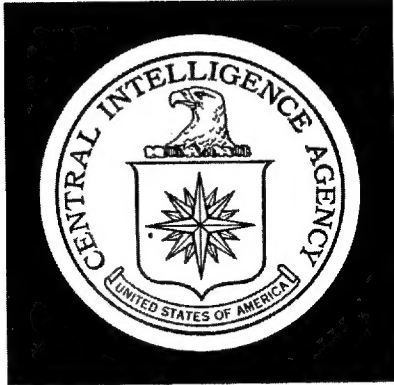


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DIRECTORATE OF
INTELLIGENCE

MEMORANDUM

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The Situation in Vietnam

State Department review completed

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Information as of 1600
25 May 1967

HIGHLIGHTS

Evidence continues to mount that Communist forces throughout South Vietnam may be planning to launch their much heralded "summer offensive" on 29-30 May.

I. The Military Situation in South Vietnam:
Communist forces attacked an American field position in western Pleiku Province for the third time in a week (Paras. 1-2).

In recent weeks a considerable body of evidence has been noted indicating that Communist forces in South Vietnam may intend to launch a widespread "summer campaign," possibly beginning on 29-30 May (Paras. 4-11).

III. Military Developments in North Vietnam:

Bomb damage to electric power grids has reportedly forced Hanoi to use emergency reserve systems (Paras. 5-7).

IV. Other Communist Military Developments:
There is nothing of significance to report.

ANNEX

The Security Situation in III Corps

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I. THE MILITARY SITUATION IN SOUTH VIETNAM

1. Communist forces are continuing their aggressive attacks against small-size American units in the highlands of western Pleiku Province. In the third such incident in a week, a rifle company of the US 4th Infantry Division--participating in the long-term border surveillance Operation FRANCIS MARION--was attacked on 24 May by an enemy force of unknown size using small arms, mortars, and approximately 70 rounds of rocket fire.

2. Five Americans were killed and 14 wounded during the 90-minute engagement, which took place west of Pleiku city near the Cambodian border. The attacking enemy withdrew leaving 32 bodies behind. A reaction force swept the area following the encounter but did not re-establish contact because of darkness. Enemy losses included eight weapons, including two B-40 rocket launchers.

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Indicators of Enemy Activity

4. In recent weeks a considerable body of evidence has accumulated indicating that Communist forces in South Vietnam may intend to launch a widespread "summer campaign," possibly beginning on 29-30 May.

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5. A Communist directive captured recently in Hau Nghia Province west of Saigon states, "The Military Party Committee and Headquarters (SVN Liberation Army) has reconfirmed the opening day for the (1967) summer campaign as 29 May. All units must urgently complete their preparations so that the fire (for the) opening phase will be well coordinated, spectacular, and continuous. We must win the first and second battles."

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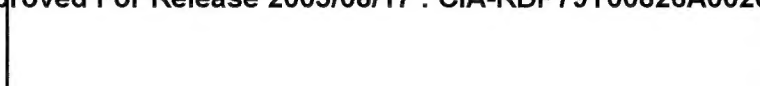
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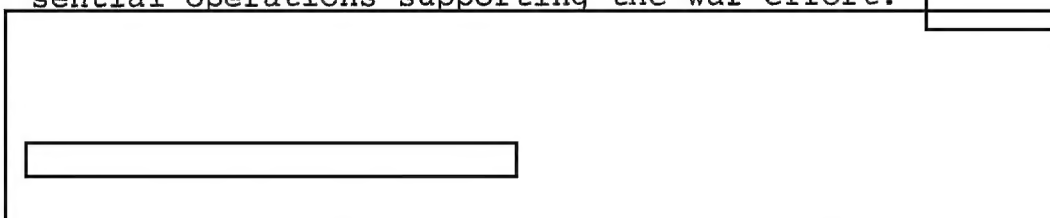


Bomb Damage to Electric Power Grids

5. North Vietnam's main power grid has probably been rendered inoperative, at least temporarily, as a result of US air strikes, but emergency power units are believed capable of maintaining most essential operations supporting the war effort.

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6. With the attacks on the Hanoi Thermal Power Plant on 19 and 21 May, all eight power plants feeding the Hanoi-Haiphong grid have been either destroyed or damaged. This grid furnished about 75 percent of the total generating capacity in the DRV. Estimates of the time needed to restore the plants to operation vary from two to 12 months for partial, and six to 24 months for full, restoration. Most of the other significant power plants outside the Hanoi-Haiphong grid have also been damaged or destroyed by US air strikes.

7. A severe power shortage in North Vietnam will cause a cutoff of power for nonessential purposes and a curtailment for the handful of large industries requiring a relatively large and steady power supply. Most operations supporting the war effort, such as machine and vehicle repair and freight handling, can probably be maintained at close to full capacity by the use of diesel power generating units. North Vietnam is believed to have about 2,000 such units, most of them having a capacity of about 20KW.

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IV. OTHER COMMUNIST MILITARY DEVELOPMENTS

1. There is nothing of significance to report.

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ANNEX

The Security Situation in III Corps

1. With a few exceptions, the security situation in the III Corps area has remained unchanged during the first four months of 1967

Despite massive allied military operations and documentary evidence that the Viet Cong are suffering increasing morale, logistical, and other problems, little territory has been taken permanently from the Viet Cong and the population that has moved from Communist- to government-controlled areas remains largely apathetic.

2. Road security in III Corps, particularly along National Route 13, has improved, but the renewed presence of the VC 9th Division in the area poses a further threat to this major supply route. The 9th Division suffered heavy casualties in Operation JUNCTION CITY--conducted in Tay Ninh Province between 21 February and 14 May--but there are now indications

that the division has recouped its losses and is preparing, along with the NVA 7th Division, for new offensive operations in northwestern and central III Corps. Elements of the divisions have redeployed to northern Tay Ninh in War Zone C, northern Binh Duong in War Zone D, and southern Phuoc Long Province.

Gia Dinh Province

3. The security situation in Gia Dinh has generally improved, largely as the result of Operation FAIRFAX, which began on 1 December 1966. The Viet Cong have suffered a number of defeats, and the increased level of Communist-initiated incidents in surrounding provinces during early April may have been an attempt to draw forces participating in FAIRFAX out of Gia Dinh. Despite these setbacks, however, the Viet Cong can still enter some 65 percent of Gia

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Dinh's hamlets after dark with relative ease, and government administrators are hindered by the apathetic attitude of the population, most of whom support neither side and appear not to care what the outcome of the war will be.

Binh Duong Province

4. Although allied successes in Operation CEDAR FALLS, conducted in Binh Duong between 8 and 26 January 1967, marked a significant setback for the Communists, the territory gained during the operation cannot be regarded as permanently under government control. Road security has improved measurably and Viet Cong documents have attested to a number of Communist problems, but the Communists are still capable of attacking government outposts and American bases, of operating mobile checkpoints, and of interdicting major supply routes. Despite manpower shortages, they are also capable of launching regiment-size attacks, although this prospect is considered unlikely in view of allied strength in the area. The population's attitude has not changed significantly in recent months and is characterized for the most part by apathy, although increasing numbers have moved from Viet Cong - controlled areas and recognize that allied forces are stronger than the Communists.

Tay Ninh Province

5. The security situation in Tay Ninh has remained largely unchanged during the last few months. The Viet Cong apparently have increased their use of small guerrilla units for harassment, kidnaping, and assassination in connection with the recent local elections, but this is not necessarily indicative of a trend toward mounting terrorism. Current estimates indicate that the government controls only about 20 percent of Tay Ninh's land area, while the Viet Cong control about 50 percent; approximately 80 percent of the population, however, is under government control because most of the inhabitants live outside War Zone C in the southern half of the province.

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Although allied sweeps in War Zone C--particularly Operation JUNCTION CITY--were successful in accomplishing their objectives. They have not brought additional territory under government control because Viet Cong forces are able to return after allied forces leave the area.

Bien Hoa Province

6. Bien Hoa, long one of the quietest provinces in III Corps, came under increased Viet Cong pressure during March and April. Viet Cong - initiated incidents rose, taxation increased--possibly in an attempt to obtain additional funds for other areas of III Corps where tax collection has become more difficult--and reports have been received of a Viet Cong troop buildup in Tan Uyen District. The large number of American troops operating in the area remains the only effective deterrent to Communist units in the province.

Long An Province

7. The presence of US forces in Long An has resulted in a slight improvement in the security situation, but the Viet Cong still control large portions of the province and continue to attack and overrun outposts, to mine roads, and to ambush patrols and road-clearing operations. A number of roads have been opened for daytime travel and a number of villages--such as Rach Kien and Long Huu--have been reoccupied by allied forces, but these are surrounded by Viet Cong - controlled territory and must depend on allied military support. It is thought that most of the population living in Communist-controlled areas would prefer to be under government control but fears the Communists and remains unwilling to offer any active resistance. The flow of refugees to government areas has increased since the arrival of US forces in the province, as has the Chieu Hoi rate, which jumped from 45 ralliers in January to 362 in March.

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Long Khanh Province

8. Viet Cong main and local force units in Long Khanh became more active during March and April. The Communists continue to control large portions of National Routes 1 and 20 in the province, although stretches of these roads are now considered secure because of allied patrolling. The GVN controls only ten percent of the province's land area, and the population, although for the most part anti-Communist, northern Catholic refugees, offers little resistance to the Viet Cong and is contemptuous of the GVN leadership.

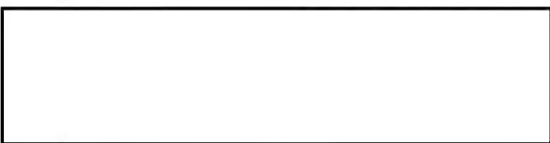
Binh Long and Phuoc Long Provinces

9. The over-all security situation in Binh Long improved during the first few months of 1967, primarily as the result of US troop presence in remote areas of the province. No major contacts with Viet Cong units have been made and, although elements of the 9th Division were reportedly located in the province in mid-May, there have been few other reports of Communist troop movements. Road security has improved considerably, and the morale of the population appears excellent.

10. Although most of the population of Phuoc Long is under government control, the majority of the land is controlled by the Viet Cong. There are no secure roads in the province, with the exception of a stretch of road between the provincial capital and the Phuoc Binh District capital. Three major infiltration routes pass through the province from Cambodia to War Zones C and D.

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